

*Bipartisan legislation will protect taxpayers and reduce fraud and abuse*

Washington, DC - Congressman John Adler (D-NJ) and Congressman Christopher Lee (R-NY) today announced the introduction of a bipartisan bill aimed at modernizing the Federal Housing Administration (FHA). The legislation would provide the FHA program with the tools needed to effectively underwrite mortgages and monitor lenders participating in the program.

"We need to ensure that government programs are efficient and working on behalf of middle class families," said Congressman Adler, a member of the Financial Services Committee. "It is vital to keep dangerous sub-prime lenders out of the system in order to ensure affordable mortgages for hardworking families. This legislation will prevent the abuse of taxpayer dollars."

"This bipartisan legislation implements a number of smart, common-sense reforms that will help responsible borrowers gain access to safe, affordable mortgages," said Congressman Lee, also a member of the Financial Services Committee. "We cannot keep the dream of homeownership within reach of working families unless we have an FHA that works better and costs less."

FHA is currently one of the primary sources of safe affordable mortgage financing for American families. During recent years, as private lenders fled the market, the demand for FHA mortgages grew exponentially. In order to meet demand and retain its mission of fostering sustainable homeownership, several legislative changes are needed to fully modernize the program.

The new legislation will:

- Improve target reviews of loan performance. Given the increase in demand for FHA mortgages, there is concern about proper review and oversight of FHA lenders and loans.
- Ensure that FHA has the staff, technology and risk management processes in place to protect the American taxpayer from unacceptable losses.
- Provide the HUD Secretary with the authority to implement new ideas to minimize foreclosures through demonstrations involving short sales and deeds in lieu of foreclosure.